wind up the current position over 18 months, during which period SEBI will review the position from time to time.

2. Further issuance of ODIs by the sub-accounts of FIIs will be discontinued with immediate effect. They will be required to wind up the current position over 18 months, during which period SEBI will review the position from time to time.

3. The FIIs who are currently issuing ODIs with national value of PNs outstanding (excluding derivatives) as a percentage of their Assets Under Custody (AUC) in India of less than 40% shall be allowed to issue further ODIs only at the incremental rate of 5% of their AUC in India.

4. Those FIIs with national value of PNs outstanding (excluding derivatives) as a percentage of their AUC in India of more than 40% shall isssue PNs only against cancellation/redemption/closing out of the existing PNs of at least equivalent amount.

Foreign Direct Investment (FDI) in the insurance sector

768. SHRI P.R. RAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government is planning to increase Foreign Direct Investment (FDI) in insurance sector; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) On the recommendations of the Law Commission/K.P. Narasimhan Committee and Insurance Regulatory and Development Authority, it has been proposed to amend the Insurance Laws including enhancement of FDI in Indian Insurance Companies. Accordingly, a Cabinet Note on Insurance Laws (Amendment) Bill, 2006 was prepared and submitted to the Cabinet, which considered the same in its meeting held on 21.12.2006. The Cabinet referred the Bill to the Group of Ministers (GOM) for consideration, which has yet to make its final recommendation.

Investment in Mutual Funds

769. SHRIMATI PREMA CARIAPPA:
SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

(a) whether Government has allowed the Public Sector Enterprises (PSEs) to invest in Mutual Funds;

(b) if so, what are the guidelines in this regard;

(c) whether it is a fact that the PSEs are allowed to invest only in select Mutual Funds governed by such agencies in which Government has major stakes; and

(d) if so, the reasons for putting such limitations on the PSEs many of which are entitled for financial autonomy under Navratna Scheme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Government has issued guidelines on 31st August, 2007

removing the prohibitions in investment of surplus funds of Central Public Sector Enterprises (CPSEs) in mutual funds subject to the conditions that (i) Only Navratna and Miniratna CPSEs are permitted to invest in SEBI regulated public sector mutual funds, (ii) Investments in schemes of such mutual funds, having equity investment, should not exceed 30% of the available surplus funds of the concerned CPSE, and (iii) The Board of Directors of these CPSEs would decide the guidelines, procedures and management control systems for investment in such mutual funds in consultation with the Administrative Ministries.

Retrenchment of workers

770. SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether there is a large scale retrenchment of workers of late because of loss of earnings on account of appreciation of rupee *vis-a-vis* US dollar;

(b) if so, whether it is a fact that the financial support given to the exporters by Government has no attached condition to protect the employment of the workers; and

(c) if so, the steps being taken by Government to ensure that there is no retrenchment of workers on account of fall in income due to dollar depreciation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) No, Sir. Export growth continued to be high at 18.5% in April-September, 2007 over corresponding period of previous year on top of high export growths in earlier years despite the appreciation of the Ruppee. There is also no one to one relationship between appreciation and export growth as export growth depends on other factors such as world economic growth, world trade growth, sector specific factors etc., As there was widespread concern on possible lagged adverse impact of rupee appreciation on export growth, Government has announced relief packages to exporters comprising of reduction in Export Credit Guarantee Corporation (ECGC) premimum, release of Rs. 600 crore for clearing all arrears of terminal excise duties, Central sales tax reimbursement, enhancement of duty drawback rates, enhanced Duty Entitlement Passbook (DEPB) rates for 9 sectors which include labour intensive sectors, reduction in interest rates on pre and post shipment credit for the 9 sectors and to all exporters from the same and medium enterprises sector, etc.

Recovery of fake currency notes in Madhya Pradesh

†771. SHRI SATYAVRAT CHATURVEDI:
SHRI MOTILAL VORA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that fake currency to the tune of Rs. 40 lakhs has been recovered in August, 2007 at Dabra city of Madhya Pradesh;

(b) whether it is also a fact that a number of incidents of accepting these currency by the Banks in Dabra city have also come to the notice; and

(c) if so, what action has been taken by Government against the persons giving fake currency to the Banks and the officials of Banks accepting such currency?

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†Original notice of the question was received in Hindi.